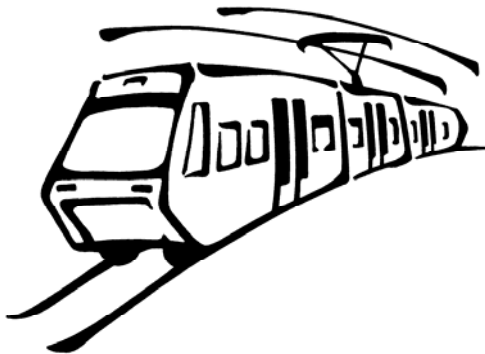
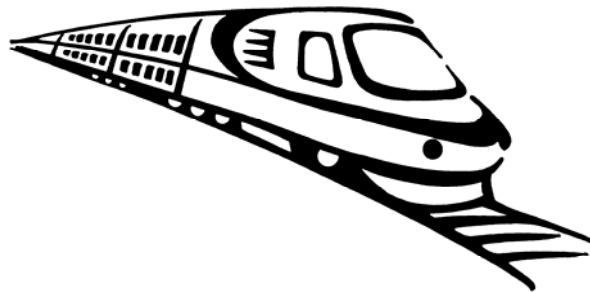




**SOUNDTRANSIT**

Central Puget Sound  
Regional Transit Authority



**Quarterly Financial Report**  
**First Quarter 2007**  
**March 31, 2007**

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**First Quarter 2007**  
**Quarterly Financial Report**

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**TO:** Board of Directors

**FROM:** Joni Earl, *Chief Executive Officer*  
Brian McCartan, *Chief Financial Officer*

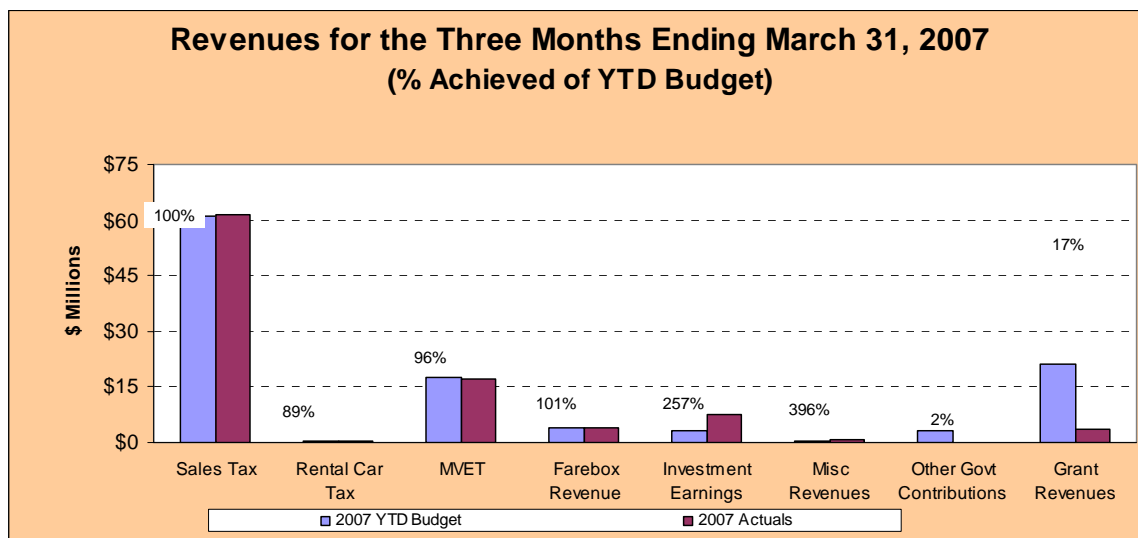
**SUBJECT:** First Quarter 2007 Financial Report

## Executive Summary

This report summarizes Sound Transit's 2007 financial performance for revenues, transit operations, capital outlays and staff operating expenses. The discussion and graphs below summarize the budget and financial results, followed by detailed financial data, notes assessing the agency's performance to budget and summarized subarea information.

### Revenues

The total agency revenues of \$94.8M were below budget for the first quarter by \$15.8M or 14% primarily due to lower than anticipated federal grants. Federal grant revenues were \$17.5M or 83% below budget at the end of first quarter. The Link Grants are awaiting the execution of the FFGA appropriations which are projected to occur in the third quarter of this year. The FTA is waiting until the Link Initial Segment's Safety Systems Management Plan and Project Management Plan is updated before they process the appropriation. Federal grant contributions for the Sound Move program are still anticipated to meet lifetime budget expectations. Tax revenues at \$78.6M were under budget by \$629.7K or 1%, and investment earnings of \$7.7M exceeded budget by \$4.7M or 157%. The higher investment earnings revenues reflect strong economic conditions, continued rising interest rates, and greater available cash balances than expected. Farebox revenues, at \$4.1M, were \$21.2K or 1% over budget.

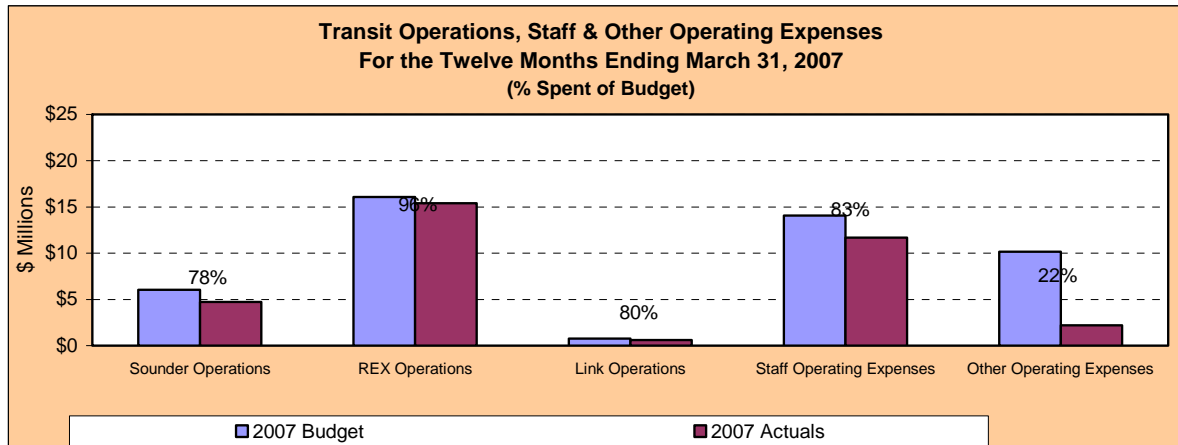


### Expenses

Total agency expenses of \$37M were below the first quarter budget by \$14.2M or 28% due to less than budgeted transit operations and regional fund and other operating expenses. Transportation Services direct operating expenses as a percent of budget were: Sounder 78%, Regional Express 96% and Tacoma Link 80%. Most of the underspending occurred in the services and purchased transportation categories.

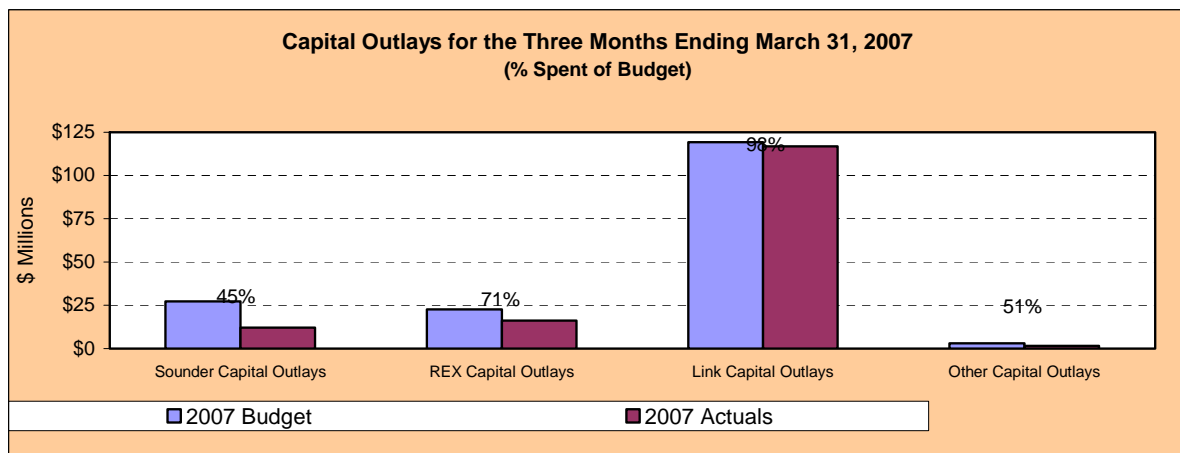
Staff operating expenses, of \$4.5M after transfers, were \$673K or 13% under budget for the year. Headcount was also proportionally lower throughout the year.

Other operating expenses of \$1.6M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by \$5.6M primarily due to lower than expected year-end Phase Two Planning costs.



## Capital Outlays

Total agency capital outlays of \$146.6M were 85% of the year to date budget. Sounder project expenditures of \$12.2M were 45% of budget reflecting lower than anticipated construction spending. The largest delays in the D Street - M Street and Seattle - Tacoma Track and Signal projects, and at Everett Station. Regional Express project spending at \$16.1M was 71% of budget primarily due to lower than predicted spending in construction. Link project spending at \$116.8M was 98% of the year to date budget. Other Capital of \$1.6M was 51% of the annual budget reflecting delays in art projects at Link Stations, delays in Smart Card project costs, and there were no bus purchases this quarter though 1.3M was budgeted.



## Summary Income Statement

The table below summarizes the annual revenues and expenses through March 31, 2007. Overall, agency net income before contributions to other governments ended the quarter \$1.7M below budget. This variance is made up of a \$15.8M deficit in total revenues and \$14.2M in lower expenses. The two main variances are delayed receipt of Federal Grants and lower than budgeted transit operations, regional fund, and other operating expenses. While spending on projects is budgeted as part of capital outlays, they are expensed or capitalized upon completion.

### Income Statement

For the Three Months Ending March 31, 2007

Budget to Actuals

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget Favorable/ (Unfavorable)	YTD Actuals as % of YTD Budget
<b>REVENUES</b>					
Tax Revenues	\$78,662,957	\$78,662,957	79,292,678	(\$629,721)	99%
Farebox Revenues	4,115,644	4,115,644	4,094,480	21,164	101%
Investment Income	7,717,867	7,717,867	3,006,723	4,711,144	257%
Other Miscellaneous	791,270	791,270	199,590	591,680	396%
State & Local Contributions	76,063	76,063	3,116,433	(3,040,370)	2%
Federal Grants	3,484,289	3,484,289	20,958,312	(17,474,023)	17%
<b>TOTAL REVENUES</b>	<b>\$94,848,090</b>	<b>\$94,848,090</b>	<b>\$110,668,216</b>	<b>(\$15,820,126)</b>	<b>86%</b>
<b>EXPENSES</b>					
Net Staff Operating Divisions	\$ 4,451,247	\$4,451,247	\$ 5,124,908	\$673,661	87%
Transit Operations	30,356,874	\$30,356,874	35,928,357	5,571,483	84%
Regional Fund & Other Operations	1,587,716	\$1,587,716	7,228,665	5,640,948	22%
Community Development Fund	30,708	\$30,708	422,882	392,174	7%
Debt Service	64,779	\$64,779	485,112	420,333	13%
Non-Capitalizable LOB expenses	515,503	\$515,503	1,990,899	1,475,396	26%
<b>TOTAL EXPENSES</b>	<b>\$ 37,006,828</b>	<b>\$37,006,828</b>	<b>\$51,180,823</b>	<b>\$14,173,995</b>	<b>72%</b>
<b>EXCESS REVENUE OVER EXP.</b>	<b>\$57,841,262</b>	<b>\$57,841,262</b>	<b>\$59,487,393</b>	<b>(\$1,646,131)</b>	<b>97%</b>
Transfers to Other Governments	-	-	18,999,999	18,999,999	0%
<b>NET REVENUE OVER EXP.</b>	<b>\$57,841,262</b>	<b>\$57,841,262</b>	<b>\$40,487,394</b>	<b>\$17,353,868</b>	<b>143%</b>

## Summary of Net Assets

The following table summarizes assets and liabilities at the end of the first quarter and provides comparative data for first quarter of 2006. Total assets increased by \$347.7M from the same period in 2006 and liabilities increased by \$22.7M. Current assets, excluding restricted assets, decreased by \$172.8M and reflect lower cash and investment balances as payments with respect to the agency's capital program exceed incoming cash flows. Capital assets increased by \$549M reflecting the activity on capital programs, particularly the Link Light Rail Program.

### Summary of Net Assets

(in millions)

	As of Mar-07	As of Mar-06	% Change Mar-07 to Mar-06
Current Assets, excluding Restricted Assets	\$ 481.9	\$ 654.7	-26%
Restricted Assets	161.1	268.8	-40%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,199.6	1,118.5	7%
Capital Projects in Progress	1,697.9	1,162.0	46%
Capital Projects in Progress - non ST	120.1	107.1	12%
Other Non-Current Assets	67.8	69.5	-2%
<b>Total Assets</b>	<b>\$ 3,728.4</b>	<b>\$ 3,380.7</b>	<b>10%</b>
Current Liabilities, excluding Interest Payable from Restricted Assets	164.9	134.2	23%
Interest Payable from Restricted Assets	16.0	15.9	1%
Long-Term Debt	774.9	780.9	-1%
Other Long-Term Liabilities	67.5	69.6	-3%
<b>Total Liabilities</b>	<b>1,023.2</b>	<b>1,000.5</b>	<b>2%</b>
Net Assets	2,705.1	2,380.2	14%
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,728.4</b>	<b>\$ 3,380.7</b>	<b>10%</b>
Invested in Capital Assets, Net of Related Debt	2,237.7	1,703.1	31%
Restricted Net Assets	125.7	124.6	1%
Unrestricted Net Assets	341.8	552.5	-38%
<b>Total Net Assets</b>	<b>\$ 2,705.1</b>	<b>\$ 2,380.2</b>	<b>14%</b>



## **FINANCIAL DETAIL**

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## Agencywide Revenues

For the Three Months Ending March 31, 2007

Budget to Actuals

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
<b>REVENUE SOURCES</b>					
Retail Sales and Use Tax	61,290,601	61,290,601	61,177,622	112,979	100%
Rental Car Tax	406,988	406,988	457,393	(50,405)	89%
Motor Vehicle Excise Tax	16,965,367	16,965,367	17,657,663	(692,296)	96%
Farebox Revenue	4,115,644	4,115,644	4,094,480	21,164	101%
Investment Income	7,717,867	7,717,867	3,006,723	4,711,144	257%
Miscellaneous Revenues	791,270	791,270	199,590	591,680	396%
<b>OTHER FINANCING</b>					
Local & State Contributions	76,063	76,063	3,116,433	(3,040,370)	2%
Federal Grants	3,484,289	3,484,289	20,958,312	(17,474,023)	17%
<b>TOTAL SOURCES</b>	<b>\$ 94,848,090</b>	<b>\$ 94,848,090</b>	<b>\$ 110,668,216</b>	<b>\$ (15,820,126)</b>	<b>86%</b>

## Revenue Notes

**Retail Sales and Use Tax** exceeds the 2007 first quarter budget by \$113K. This is \$5.1M, or 8.3%, above the equivalent period in 2006 reflecting strong economic activity in the region.

**Rental Car Tax** is under budget by \$50.4K or 11% and \$5K, or 1% over 2006.

**Motor Vehicle Excise Tax** is under the first quarter 2007 budget by \$692K, or 4%. 2007 MVET revenues are \$670K, or 3%, higher than the first quarter MVET revenues in 2006.

**Farebox Revenues** exceed the 2007 budget by 21K or 1% and are 194K or 5% higher than the same period in 2006. Boardings are also 233K or 8% higher than the first quarter of 2006. The growth in ridership continues the ramp up after the service increases of 2005. In addition, in the first quarter of 2006 there were significant service disruptions on Sounder service between Seattle and Everett; there were no such disruptions in 2007.

**Investment Income** exceeds the first quarter budget by \$4.7M or 157% and is \$544K or 7%, lower than 2006 investment income. Short-term interest rates have remained nearly unchanged. Interest earnings are higher than expected due primarily to the inverted yield curve (short term interest rates pay a higher interest rate than longer term interest rates). Investments purchased over the past year were all short term investments, maturing by the end of 2007. The investment portfolio is decreasing in size as maturing investments are being used to fund projects. It is expected that interest earnings will decrease throughout the year as most maturing investments are now funding projects rather than being reinvested.

**Miscellaneous Revenues** exceeds the 2007 budget by \$591K or 296%, primarily from Sounder revenue vehicle rental income. Included in this category is advertising on ST Express buses, Sounder revenue vehicle rental income, and rental property income. Miscellaneous Revenues are \$68K or 9% higher than 2006 miscellaneous revenues.

**Local, State and Federal Grants** State and local contributions are below the first quarter budget by \$3M or 98%. Local Contributions include contributions of the Community Development Fund and Local Grants for stations and the State contributions include grants as well as Land Bank contributions. Federal grants are below budget by \$17.5M, or 83%, primarily because we are awaiting the execution of the FFGA appropriation which is projected to occur in the third quarter of this year. The FTA is waiting until the Link Initial Segment's Safety Systems Management Plan and Project Management Plan is updated

before they process the appropriation. Federal Grants are \$4.7M or 57% less the equivalent period 2006 revenues.

## Summary Operations and Capital Outlays

### Combined Transit Operations Summary

For the Three Months Ending March 31, 2007

ST Express, Sounder, Link, & MIP

	Q1 Actuals	YTD Total Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
<b>Revenues</b>					
Passenger Fares	4,115,644	4,115,644	4,094,480	21,164	101%
Other Operating Revenues	661,980	661,980	896,472	(234,492)	74%
<b>Total Operating Revenues</b>	<b>4,777,624</b>	<b>4,777,624</b>	<b>4,990,952</b>	<b>(213,328)</b>	<b>96%</b>
<b>Direct Operating Expenses</b>					
Salaries & Benefits	514,184	514,184	524,280	10,096	98%
Services	2,590,922	2,590,922	3,845,349	1,254,427	67%
Materials & Supplies	569,203	569,203	756,739	187,536	75%
Insurance	416,637	416,637	595,464	178,827	70%
Purchased Transportation Svcs	16,423,200	16,423,200	16,756,928	333,728	98%
Miscellaneous Expenses	46,841	46,841	110,837	63,996	42%
Leases & Rentals	110,888	110,888	130,226	19,338	85%
Other Expenses	183,940	183,940	329,799	145,859	56%
<b>Total Direct Operating Expenses</b>	<b>\$ 20,855,815</b>	<b>\$ 20,855,815</b>	<b>\$ 23,049,622</b>	<b>\$ 2,193,807</b>	<b>90%</b>
Agency Admin Allocations	1,505,737	1,505,737	1,867,922	362,185	81%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 22,361,552</b>	<b>\$ 22,361,552</b>	<b>\$ 24,917,544</b>	<b>\$ 2,555,992</b>	<b>90%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (17,583,928)</b>	<b>\$ (17,583,928)</b>	<b>\$ (19,926,592)</b>	<b>\$ 2,342,664</b>	<b>88%</b>
Contingency	-	-	1,262,227	1,245,737	-
Depreciation & Amortization	7,995,322	7,995,322	9,748,586	1,753,264	82%
<b>Net Subsidy from Operations after Depreciation and Amortization</b>	<b>\$ (25,579,250)</b>	<b>\$ (25,579,250)</b>	<b>\$ (30,937,405)</b>	<b>\$ 5,358,155</b>	<b>83%</b>
<b>Ridership</b>					
Boardings	3,179,191	3,179,191	3,130,260	48,931	102%
Average Weekday Boardings	43,860	43,860	43,596	264	101%

## Capital Outlays by Line of Business

For the Three Months Ending March 31, 2007

Regional Express, Sounder, Link, & Other

Current Year 2007

	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c/b]</i>
Sounder Commuter Rail	176,011,265	27,256,397	12,155,283	15,101,114	45%
Link Light Rail	576,554,062	119,203,273	116,805,004	2,398,269	98%
Regional Express	64,392,220	22,696,965	16,123,868	6,573,098	71%
Other Capital	12,129,995	3,032,496	1,560,380	1,472,116	51%
<b>TOTAL</b>	<b>829,087,542</b>	<b>172,189,132</b>	<b>146,644,535</b>	<b>\$25,544,598</b>	<b>85%</b>

### Lifetime Capital Plan

	Adopted Capital Plan	Life-to-date Outlays	Remaining Contract	Budget Remaining	% Spent and Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Sounder Commuter Rail	1,215,006,845	878,907,010	48,778,821	287,321,015	76%
Link Light Rail	4,107,234,744	1,689,888,929	547,898,545	1,869,447,271	54%
Regional Express	785,241,557	481,538,629	69,876,318	233,826,611	70%
Other Capital	256,580,595	135,732,469	9,737,636	111,110,489	57%
<b>TOTAL</b>	<b>6,364,063,741</b>	<b>3,186,067,036</b>	<b>676,291,319</b>	<b>2,501,705,386</b>	<b>61%</b>

Fully allocated transit operations expenses before depreciation and contingency are at 88% of the YTD budget. The largest component of these expenses is Purchased Transportation Services, which is at 98% of YTD budget. The YTD 2007 net subsidy from fully allocated transit operations is \$17.6M versus a budgeted subsidy of \$19.9M, a favorable variance of \$2.3 million. Revenues are under budget by \$213K and expenses are less than budget by \$2.6 M. Specific discussion of variances by account group is included on the next pages, organized by service mode.

# **Sounder Commuter Rail Transit Operations** **For the Three Months Ending March 31, 2007**

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
<b>Revenues</b>					
Passenger Fares	934,635	934,635	1,426,766	(492,131)	66%
Other Operating Revenues	521,355	521,355	836,499	(315,144)	62%
<b>Total Operating Revenues</b>	<b>1,455,990</b>	<b>1,455,990</b>	<b>2,263,265</b>	<b>(807,275)</b>	<b>64%</b>
<b>Direct Operating Expenses</b>					
Salaries & Benefits	74,440	74,440	79,316	4,876	94%
Services	2,120,843	2,120,843	2,910,880	790,037	73%
Materials & Supplies	471,935	471,935	604,508	132,573	78%
Insurance	338,397	338,397	474,836	136,439	71%
Purchased Transportation Svcs	1,526,019	1,526,019	1,639,125	113,106	93%
Miscellaneous Expenses	25,925	25,925	43,461	17,536	60%
Leases & Rentals	92,193	92,193	97,647	5,454	94%
Other Expenses	69,957	69,957	196,798	126,841	36%
<b>Total Direct Operating Expenses</b>	<b>\$ 4,719,709</b>	<b>\$ 4,719,709</b>	<b>\$ 6,046,571</b>	<b>\$ 1,326,862</b>	<b>78%</b>
Agency Admin Allocations	498,575	498,572	601,422	102,850	83%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 5,218,284</b>	<b>\$ 5,218,281</b>	<b>\$ 6,647,993</b>	<b>1,429,712</b>	<b>78%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (3,762,294)</b>	<b>\$ (3,762,291)</b>	<b>\$ (4,384,728)</b>	<b>\$ 622,437</b>	<b>86%</b>
Contingency	-	-	342,392	342,392	-
Depreciation & Amortization	3,999,435	3,999,435	5,495,640	1,496,205	73%
<b>Net Subsidy from Operations after Depreciation and Amortization</b>	<b>\$ (7,761,729)</b>	<b>\$ (7,761,726)</b>	<b>\$ (10,222,760)</b>	<b>\$ 2,461,034</b>	<b>76%</b>
<b>Ridership</b>					
Boardings	471,692	471,692	443,657	28,035	106%
Average Weekday Boardings	7,254	7,254	6,965	289	104%

**Revenues and Ridership:** Passenger Fares are under budget by \$492K. Ridership is higher than the 2007 budget by 6.3%. A portion of pass revenues have not yet been booked in 2007, resulting in an understatement of revenues for all modes. This will be corrected in April statements. Non-transportation revenue, primarily the revenue associated with the leasing of Sounder vehicles to other jurisdictions, is under the budget by \$315K, or 38%. Leased Sounder vehicles will be recalled during the middle part of the year to prepare for service expansions in September.

**Services** were under budget by \$790K or 27%. The largest variance was maintenance of vehicles, which was under budget by \$430K; major maintenance programs will occur later this year and this item is expected to be at budget by year-end. Maintenance of stations was under budget by \$135K, as most discretionary maintenance projects will take place in the middle or later part of the year. Security services were under budget by \$189K; these costs are expected to be at budget by year-end.

**Materials & Supplies** were under YTD budget by \$133K. Fuel costs were under budget by \$91K, or 16% but are expected to increase as the fuel price have spiked recently. Additionally, supplies for marketing materials have been under the budget as the level of activity is expected to increase in the middle of the year.

**Insurance** was under 2007 YTD budget by \$136K or 29%. There was no significant claim activity during the first quarter.

**Purchased Transportation Services** were under budget by \$113K or 7%. This account mainly consists of payments to BNSF for train operations and related trackage fees. This category is expected to be at budget by year-end.

**Miscellaneous Expenses** were under budget by 40%. The biggest component in this account was advertising media promotion, which is underspent by \$37K, but is expected to pick up in the later year.

**Other Expenses**, including taxes and utilities, were at 36% of the YTD budget.

**Agency Admin Allocations** were under budget by \$103K or 17%. This reflects agency-wide budget performance for the first quarter. These costs are expected to be in line with the budget by year end.

**Depreciation** is under budget by \$2.5M or 24%. Depreciation charges, which are non-cash transactions, are impacted by the timing of when assets are booked into service. There will be a catch-up entry performed in the second quarter and these costs are expected to be at budget by year end.

## ST Express Transit Operations

For the Three Months Ending March 31, 2007

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
<b>Revenues</b>					
Passenger Fares	3,181,009	3,181,009	2,667,714	513,295	119%
Other Operating Revenues	140,625	140,625	59,973	80,652	234%
<b>Total Operating Revenues</b>	<b>\$ 3,321,634</b>	<b>\$ 3,321,634</b>	<b>\$ 2,727,687</b>	<b>\$ 593,947</b>	<b>122%</b>
<b>Direct Operating Expenses</b>					
Salaries & Benefits	47,801	47,801	48,378	577	99%
Services	269,794	269,794	604,302	334,508	45%
Materials & Supplies	62,797	62,797	105,531	42,734	60%
Insurance	5,444	5,444	17,857	12,413	30%
Purchased Transportation Svcs	14,897,181	14,897,181	15,115,303	218,122	99%
Miscellaneous Expenses	17,384	17,384	60,018	42,634	29%
Leases & Rentals	18,695	18,695	31,579	12,884	59%
Other Expenses	85,875	85,875	102,769	16,894	84%
<b>Total Direct Operating Expenses</b>	<b>\$ 15,404,971</b>	<b>\$ 15,404,971</b>	<b>\$ 16,085,737</b>	<b>\$ 680,766</b>	<b>96%</b>
Agency Admin Allocations	882,728	882,728	1,116,500	233,772	79%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 16,287,699</b>	<b>\$ 16,287,699</b>	<b>\$ 17,202,237</b>	<b>\$ 914,538</b>	<b>95%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (12,966,065)</b>	<b>\$ (12,966,065)</b>	<b>\$ (14,474,550)</b>	<b>\$ 1,508,485</b>	<b>90%</b>
Contingency	-	-	876,637	876,637	-
Depreciation & Amortization	3,283,006	3,283,006	3,556,879	273,873	92%
<b>Net Subsidy from Operations after Depreciation and Amortization</b>	<b>\$ (16,249,071)</b>	<b>\$ (16,249,071)</b>	<b>\$ (18,908,066)</b>	<b>\$ 2,658,995</b>	<b>86%</b>
<b>Ridership</b>					
Boardings	2,488,056	2,488,056	2,476,832	11,224	100%
Average Weekday Boardings	33,733	33,733	33,804	(71)	100%

**Passenger Fares and Ridership:** Passenger Fares were over the YTD 2007 Budget by \$0.5M or 19% while the ridership increased by 6% over the same period in 2006. For the first quarter, passenger fare revenues were booked based on budgeted ridership and average fare per boarding. Although ST Express ridership is over budget for the year to date, the expected increase in revenues has not yet been booked. This timing difference will correct itself by year end. Other operating revenues were over the YTD budget by \$81K, or 134%. Advertising revenues have increased through more aggressive advertising activities.

**Services** were at 45% of 2007 budget. Maintenance of station costs were under budget by approximately \$138K as scheduled maintenance projects will occur in the later this year. Security costs were \$12K under budget.

**Materials and Supplies** were under YTD budget by \$43K, or 40%. Tools and equipment were under budget \$29K. Budgeted funds for marketing materials were not used in the first quarter. Materials and supplies for facilities were less than 1% in spending. This category will be at budget by year-end.

**Miscellaneous Expenses** were at 29% of YTD budget. The variance is mainly due to marketing campaigns which will take place later in the year.

**Lease and Rentals** were under the budget by \$13K. This account consists of payment to Bellevue Rider Services Building lease and leasing of two buses for South King County.



# Tacoma Link Transit Operations

For the Three Months Ending March 31, 2007

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
<b>Revenues</b>					
Passenger Fares	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-
<b>Total Operating Revenues</b>	-	-	-	-	-
<b>Direct Operating Expenses</b>					
Salaries & Benefits	345,004	345,004	352,444	7,440	98%
Services	130,101	130,101	219,079	88,978	59%
Materials & Supplies	32,939	32,939	46,050	13,111	72%
Insurance	72,796	72,796	102,771	29,975	71%
Purchased Transportation Svcs	-	-	2,500	2,500	-
Miscellaneous Expenses	507	507	3,950	3,443	13%
Leases & Rentals	-	-	1,000	1,000	0%
Other Expenses	27,825	27,825	30,232	2,407	92%
<b>Total Direct Operating Expenses</b>	<b>\$ 609,172</b>	<b>\$ 609,172</b>	<b>\$ 758,026</b>	<b>\$ 148,854</b>	<b>80%</b>
Agency Admin Allocations	109,772	109,776	132,250	22,474	83%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 718,944</b>	<b>\$ 718,948</b>	<b>\$ 890,276</b>	<b>\$ 171,328</b>	<b>81%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (718,944)</b>	<b>\$ (718,948)</b>	<b>\$ (890,276)</b>	<b>\$ 171,328</b>	<b>81%</b>
Contingency	-	-	26,708	26,708	-
Depreciation & Amortization	712,881	712,881	696,067	(16,814)	102%
<b>Net Subsidy</b>	<b>\$ (1,431,825)</b>	<b>\$ (1,431,829)</b>	<b>\$ (1,613,051)</b>	<b>\$ 181,222</b>	<b>89%</b>
<b>Ridership</b>					
Boardings	219,443	219,443	209,771	9,672	105%
Average Weekday Boardings	2,873	2,873	2,827	46	102%

**Ridership:** Ridership was about 2% higher than the same period of 2006, but was over the forecast 2007 by 4.6%. Demand for Tacoma Link service continues to exceed 2010 forecasts.

**Services** were under budget by \$89K or 41%. Maintenance of facilities and the operations and maintenance facility was under budget by about \$75K as major work on the overhead catenary system has been pushed to later in the year. Maintenance of Vehicles was under the budget by \$18K. Marketing costs were under the budget by \$7K but are expected to increase later this year.

**Material and Supplies** were under 2007 YTD Budget by \$13K or 28%. Purchase of communication devices was determined to be a capital expense and was capitalized rather than charged to expense.

**Insurance** was under the budget by \$30K or 29%, reflecting positive claims experience.

**Agency Administration Allocations** were at 83% of the YTD budget. This account includes the staff operating costs allocated from both corporate transportation services.

**Sounder Capital**
**Sounder Commuter Rail - Capital Outlays by Phase**
**For the Three Months Ending March 31, 2007**
**Current Year 2007**

<b>Phase</b>	<b>2007 Adopted Capital Plan</b>	<b>YTD Capital Plan</b>	<b>YTD Actuals</b>	<b>YTD actuals (over)/under YTD Budget</b>	<b>YTD actuals as % of YTD Budget</b>
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c / b]</i>
Agency Administration	5,239,033	1,346,477	1,053,912	292,565	78%
Preliminary Engineering	1,322,416	410,606	375,872	34,735	92%
Final Design	3,986,563	1,884,124	564,449	1,319,675	30%
ROW Acq. & Permits	59,731,781	3,258,656	287,710	2,970,946	9%
Construction	105,731,471	20,356,534	9,873,340	10,483,194	49%
Vehicles	-	-	-	-	-
Contingency	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 176,011,265</b>	<b>\$ 27,256,397</b>	<b>\$ 12,155,283</b>	<b>\$ 15,101,114</b>	<b>45%</b>

**Lifetime Capital Plan**

<b>Phase</b>	<b>Adopted Capital Plan</b>	<b>Life-to-date Outlays</b>	<b>Contract Remaining</b>	<b>Budget Remaining</b>	<b>% Spent &amp; Committed</b>
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	49,285,709	36,135,698	5,555	13,144,457	73%
Preliminary Engineering	26,925,236	25,097,061	242,529	1,585,647	94%
Final Design	34,064,873	26,907,856	3,010,162	4,146,855	88%
ROW Acq. & Permits	354,026,577	292,298,878	1,347,812	60,379,886	83%
Construction	547,291,454	355,581,766	44,172,762	147,536,926	73%
Vehicles	136,381,156	134,504,945	0	1,876,211	99%
Contingency	67,031,839	-	-	67,031,839	0%
Unabsorbed Overhead		8,380,805		(8,380,805)	
<b>TOTAL</b>	<b>\$ 1,215,006,845</b>	<b>\$ 878,907,010</b>	<b>\$ 48,778,821</b>	<b>\$ 287,321,015</b>	<b>76%</b>

**Sounder Capital Notes**

**Agency Administration** spending was at 78% of the 2007 YTD budget. This category includes the total LOB and administrative overhead charged to capital projects.

**Preliminary Engineering** spending was at 92% of the 2007 YTD budget, \$35 thousand below the \$411 thousand budgeted through March.

- D Street – M Street Track and Signal was \$217 thousand under budget. Project was split out from M Street – Lakewood Track and Signal for the 2007 budget. Expenses were moved as part of the 2006 year end close but budget appears in 2007.
- Tukwila Station was \$99 thousand under budget due to extended scope and fee negotiations which delayed project start.
- Lakewood Station was \$328 thousand over spent due to the transfer of budget and expense from Rex Project SR512 Park and Ride Expansion to Lakewood Station as part of the 2007 budget. The expenses were not moved until March 2007, they will show as a credit through the remainder of 2007.

**Final Design** spending was at 30% of the 2007 YTD budget, \$1.3 million below the \$1.9 million budgeted through March.

- Mukilteo Station, North Platform was \$116 thousand under budget, final design phase delayed by ST/BNSF property transfer process.
- Mukilteo Station, South Platform was \$157 thousand under budget, final design phase delayed by ST/BNSF property transfer process.
- Lakewood Station was \$201 thousand under budget. Phase was completed in fewer man hours than had been anticipated in the budget.
- D Street – M Street Track and Signal was \$788 thousand under budget. Project was split out from M Street – Lakewood Track and Signal for the 2007 budget. Expenses were moved as part of the 2006 year end close but budget appears in 2007. Start of final design has been delayed due to additional study of alternative alignments now scheduled to be completed in 4<sup>th</sup> quarter 2007.
- South Tacoma Station was \$95 thousand under budget. Final design is a lump sum contract and final payment is being held pending resolution of design issues.
- M Street – Lakewood Track and Signal was \$212 thousand over spent due to unplanned expense in separating the original plan set into two sets of documents and coordination with the WSDOT project will cause continued overspending in this phase.

**ROW** spending was at 9% of the 2007 YTD budget, \$3.0 million under the \$3.3 million budgeted through March.

- Permitting/Environmental Mitigation was \$974 thousand under budget due to delays in property acquisition and entering into a contract for final design of Willow Creek culvert.
- D Street – M Street Track and Signal was \$1.9 million under budget. Project was split out from M Street – Lakewood Track and Signal for the 2007 budget. Expenses were moved as part of the 2006 year end close but budget appears in 2007. Right of Way is on hold pending completion of alternative alignment studies.

**Construction** spending was at 49% of the 2007 YTD budget, \$10.5 million under the \$20.4 million budgeted through March.

- Layover was \$1 million under budget. Advertising of the M Street to Lakewood project for construction bids is on hold until some decisions are made on the Point Defiance by-pass. In Snohomish County, the Everett Station Phase 2 project is delayed by the BNSF property process.
- Mukilteo Station, North Platform was \$290 thousand under budget. Advertising the project for construction bids was delayed by the ST/BNSF property transfer process.
- Everett Station was \$2.2 million under budget. Advertising the project for construction bids has been delayed by property acquisition process.
- Seattle-Tacoma Track and Signal was \$3.8 million under budget. Delayed full access to King Street in Seattle and D Street in Tacoma is causing some overall delay in 2007 project spending. In addition, the work is being accomplished for less than the estimated amount creating a budget surplus.
- Reservation-Freighthouse was \$478 thousand under budget. Project was budgeted to be completed sooner than the now expected third quarter 2007 completion.
- M Street – Lakewood Track and Signal was \$1.3 million under budget. Advertising the project for construction bids has been delayed due to failure of fiber optic companies to relocate, and continuing coordination of construction with WSDOT will cause the project to miss the cash flow projected in the 2007 budget.
- D Street – M Street Track and Signal was \$413 thousand under budget. Project was split out from M Street – Lakewood Track and Signal for the 2007 budget. Expenses were moved as part of the 2006 year end close but budget appears in 2007. Project delayed due to additional study of alternative alignments.
- Lakewood Station was \$784 thousand under budget due to delay in putting project out to bid last year. Construction draws that were expected in the first quarter will not begin until the second quarter.

## Regional Express Capital

### Regional Express - Capital Outlays by Phase For the Three Months Ending March 31, 2007

#### Current Year 2007

Phase	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	3,405,042	1,245,121	591,509	653,612	48%
Prelim. Engineering	1,767,301	1,118,820	11,629	1,107,192	1%
Final Design	4,499,481	1,539,708	107,429	1,432,279	7%
ROW Acq. & Permits	3,888,616	411,941	711,618	(299,677)	173%
Construction	50,831,779	18,381,376	14,701,683	3,679,693	80%
Contingency	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 64,392,220</b>	<b>\$ 22,696,965</b>	<b>\$ 16,123,868</b>	<b>\$ 6,573,098</b>	<b>71%</b>

#### Lifetime Capital Plan

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	40,423,379	33,537,995	51,832	6,833,552	83%
Prelim. Engineering	51,274,977	47,945,216	2,996,755	333,006	99%
Final Design	56,366,893	37,724,855	6,716,303	11,925,735	79%
ROW Acq. & Permits	63,048,400	45,224,179	2,999,478	14,824,743	76%
Construction	514,935,884	317,106,384	57,111,949	140,717,551	73%
Contingency	59,192,024	-	-	59,192,024	0%
<b>TOTAL</b>	<b>\$ 785,241,557</b>	<b>\$ 481,538,629</b>	<b>\$ 69,876,318</b>	<b>\$ 233,826,611</b>	<b>70%</b>

## Regional Express Capital Outlay Notes

**Agency Administration** spending was at 48% of the 2007 YTD budget. This category includes the total LOB and administrative overhead charged to capital projects.

**Preliminary Engineering** spending was at 1% of the 2007 YTD budget, \$1.1 million under the \$1.1 million budgeted through March.

- Kirkland Transit Center was \$277 thousand under budget. Some work has been delayed while additional site design, review and outreach were done.
- Rainier Avenue/Hardie Avenue Arterial Improvements was \$477 thousand under budget. The City of Renton is the project lead and ST's contribution is capped, payments will be made as milestones are met and invoices received.
- SR512 Park & Ride Expansion has a \$328 thousand credit due to the transfer of all expenses and budget to the Sounder Lakewood Station project as part of the 2007 budget.

**Final Design** spending was at 7% of the 2007 YTD budget, \$1.4 million under the \$1.5 million budgeted through March.

- Redmond Transit Center was \$999 thousand under budget. The phase work has been completed but the final invoice for \$1 million has not yet been received and was not accrued.
- I-90 Two-way Transit & HOV Operations, Stage 1 was \$349 thousand under budget. Spending occurred sooner than anticipated with more expense incurred in 2006.

**ROW** spending was at 173% of the 2007 YTD budget, \$300 thousand over the \$412 thousand budgeted through March.

- Totem Lake Transit Center/Evergreen Medical Center was \$80 thousand under budget. The payment for easement will not be made until the project is complete in 2008.
- SR522 HOV Enhancements/Kenmore was \$508 thousand over spent. A majority of the right of way payments were paid following the possession and use hearings held in December 2006 and January 2007. ROW expenditures had been cash flowed to be spent from 2006 through 2008.

**Construction** spending was at 80% of the 2007 YTD budget, \$3.7 million under the \$18.4 million budgeted through March.

The following projects were exceeding forecast budget through March:

- S. Everett Freeway Station was \$2.9 million over spent. Construction is progressing ahead of the schedule assumed in the 2007 budget.
- Totem Lake Freeway Station \$556 thousand over spent. Construction is progressing ahead of the schedule assumed in the 2007 budget. Demolition and other costs related to the failed section of the northern direct access ramp will result in continued higher than anticipated construction costs in 2007. The extent of the design error and its ramifications were not fully known until after the 2007 budget had been completed. We are working with WSDOT to recover these costs.

The following projects were under spent through March:

- Eastgate HOV Access was \$2.6 million under budget. The additional scope added during construction has extended the project schedule, but approximately \$1 million the budgeted expenditures is likely to be captured as savings.
- Canyon Park Freeway Station was \$1.1 million under budget. Project is nearing completion with one remaining major cost element, the elevator, to be installed.
- Issaquah Transit Center was \$2.8 million under budget. The project is behind due to the concrete strike and weather delays that occurred this past winter.
- Mercer Island Park & Ride was \$723 thousand under budget. Construction is on hold until cost and schedule for retro-fit and beam fix is negotiated with the contractor. Project is expected to be completed by the end of 2007.

## Link Light Rail

### Link Light Rail - Capital Outlays by Phase

For the Three Months Ending March 31, 2007

#### Current Year 2007

Phase	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c/b]</i>
Agency Administration	43,685,393	10,195,333	5,832,271	4,363,062	57%
Preliminary Engineering	835,903	252,790	43,855	208,935	17%
Final Design	29,646,616	5,149,377	3,695,848	1,453,529	72%
ROW Acq. & Permits	59,378,657	7,627,798	6,438,018	1,189,780	84%
Construction	386,752,343	91,188,009	98,279,273	(7,091,264)	108%
Vehicles	39,356,798	3,799,991	2,071,192	1,728,799	55%
Testing and Start-Up	4,150,992	989,975	444,546	545,429	45%
Contingency	12,747,361	-	-	-	-
<b>TOTAL</b>	<b>\$ 576,554,062</b>	<b>\$ 119,203,273</b>	<b>\$ 116,805,004</b>	<b>\$ 2,398,269</b>	<b>98%</b>

#### Lifetime Capital Plan

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	315,832,822	145,087,218	2,795,968	167,949,636	47%
Preliminary Engineering	97,753,963	91,509,566	431,344	5,813,053	94%
Final Design	273,823,902	173,127,572	53,682,271	47,014,059	83%
ROW Acq. & Permits	402,608,571	256,314,692	14,435,554	131,858,325	67%
Construction	2,550,347,678	945,971,363	393,992,391	1,210,383,924	53%
Vehicles	295,578,440	68,233,172	82,561,017	144,784,252	51%
Testing and Start-Up	18,996,111	1,717,075	-	17,279,036	9%
Contingency	152,293,257	-	-	152,293,257	0%
Overhead Reserve	-	7,928,271	-	(7,928,271)	-
<b>TOTAL</b>	<b>\$ 4,107,234,744</b>	<b>\$ 1,689,888,929</b>	<b>\$ 547,898,545</b>	<b>\$ 1,869,447,271</b>	<b>54%</b>

## Link Capital Outlay Notes

Link Light Rail capital outlays through the first quarter of 2007 are 98% of the YTD budget plan.

Initial Segment construction is ongoing along the entire 13.9-mile light rail (LRT) line between Downtown Seattle and South 154<sup>th</sup> Street in the City of Tukwila with revenue service scheduled for July 2009. Construction, including systems installation and light rail vehicle procurement are approximately 67.5% complete as of March 2007. Work on the Downtown Seattle Transit Tunnel (DSTT) is on schedule for the September 2007 reopening, and good production rates for Rainier Valley and Tukwila construction continued to be realized during the first quarter of 2007, keeping contract tasks on track for completion of the project on time. University Link final design is underway. Negotiation with the selected Systems Designer concluded during the first quarter of 2007, and award by the Sound Transit Board is expected in May 2007. Sound Transit is working with the FTA staff to finalize the schedule and requirements for submitting application for the Federal Full Funding Agreement (FFGA). Revenue service for University Link is projected to begin in 2016.

Airport Link construction is underway along the C410 and C420 construction segments. Award of the C430 contract for construction of the SeaTac / Airport Light Rail Station is delayed due to receipt of a single bid, which was significantly higher than the Engineer's Estimate. A revised construction plan is being developed and is critical for follow on systems contracts and startup. Completion of Airport Link construction is expected by the end of 2009.

Tacoma Link contracts are complete. Project closure is pending receipt of final invoices and payments related to real estate acquisitions, vehicles, and startup.

**Agency Administration** outlays through the first quarter of 2007 are equal to 57% of the YTD 2007 budget plan. This budget category includes: Link staff support costs, agency costs allocated to projects, and direct charges.

**Preliminary Engineering** outlays through the first quarter of 2007 are equal to 17% of the YTD budget plan. Preliminary engineering for the Initial Segment, University Link and Airport Link completed in 2006, except for ongoing environmental monitoring. Other preliminary engineering work planned for 2007 is for the North Link segment projects from UW Station to Brooklyn Station, and 45<sup>th</sup> Street to Northgate, and will be performed as needed.

**Final Design** outlays for the first quarter of 2007 are equal to 72% of the YTD budget plan. Final design for University Link, delayed in starting until year-end 2006, reached 68% of the YTD budget plan by the end of March 2007, and is expected to rapidly ramp up during the second quarter. The Sound Transit Board approved the Supplemental Memorandum of Agreement (MOA) with the City of Seattle to support University Link final design and permitting on March 8, 2007. The Transitway Agreement amendment with the City of Seattle was finalized in March 2007, and will be presented to the Sound Transit Board in May 2007. Negotiations with the University of Washington continued on the Master Implementation Agreement (MIA), with review and approval by the Sound Transit Board and UW Board of Regents projected for May 2007. Expenditures for the Initial Segment and Airport Link are related to design support for major construction activities: current year outlays for the Initial Segment are 87% of the YTD budget plan, and 46% of the YTD budget plan for Airport Link.

**ROW Acquisition & Permits** outlays for the first quarter of 2007 are 84% of the annual budget plan. Initial Segment acquisitions at 148% are ahead of the YTD plan, because several high-value mediations and a payment to the City of Seattle, planned for 2006, were not paid until the first quarter of 2007. Payments to King County Metro for use of the DSTT are 62% of the YTD budget plan. Acquisitions for University Link are only 56% of the YTD budget plan. Acquisition of property and relocation of 133 owners and tenants needed for the construction staging area of Capitol Hill Station are well underway. However, payment to the University of Washington (UW) for properties UW is acquiring in the University District is delayed pending Sound Transit Board and UW Board of Regents review and approval of the Master Implementation Agreement (MIA), projected for May 2007. Airport Link acquisitions are at 106% of the YTD budget plan, with all payments on schedule.

**Construction** outlays are 108% of the YTD budget plan for the first quarter of 2007. Initial Segment expenditures are 97% of the YTD plan, as construction continues to progress towards the projected July 2009 completion date. Restoration of Pine Street is expected to complete by mid-May 2007, and work on the Downtown Seattle Transit Tunnel (DSTT) is on schedule for the September 2007 reopening. All work at Beacon Hill halted on February 7, 2007 for several days due to a fatal accident at the West Portal, and TBM southbound tunneling work did not resume until March 21, 2007. Sound Transit is working with the Contractor to put measures into place to mitigate these delays. Rainier Valley trackwork progress was well above plan during the first quarter of 2007. Mainline paving progressed to 86% in March 2007, and several areas were opened to traffic. Tukwila span erection continued to stay ahead of schedule during the first quarter of 2007, and production improved due to mechanical improvements. As of March 2007, 95% of cast segments have been completed, and 80% of the segments have been delivered to Tukwila. The first section of the guideway will be turned over to Systems contractors in late May 2007. Power was lost at the Operations & Maintenance Facility on March 21, 2007 due to failure of a transformer, delaying completion of Systems work until a new transformer can be installed. Systems work is scheduled to

complete by July 2007. The contractor for the E-3 Busway and Operations & Maintenance Facility has filed a lawsuit against Sound Transit to claim compensation for delays associated with unavailability of structural steel. Systems contract installation continued in the DSTT, and power-up testing started at the University and International District Stations. Although Airport Link construction expenditures are 198% of the YTD 2007 budget plan for the first quarter of 2007, work is progressing in accordance with the current construction schedule agreed to with the Port of Seattle. At the bid opening for construction of the Airport Station on March 6, 2007, a single bid of \$95.3 million was submitted, an amount \$43.5 million over the Engineer's Estimate. Quantity and pricing information of the two estimates is being compared, and strategies to move forward with Airport Station construction are under discussion.

**Vehicles** outlays for the first quarter of 2007 are 55% of the YTD budget plan. The current payment plan for this contract is tied to specific deliverables, and is apportioned between the Initial Segment and Airport Link. Progress for the light rail vehicle procurement is on schedule, with cars 3, 4 and 5 arriving in March 2007 at the Port of Everett for final assembly. Delivery of cars 6-17 is expected in April 2007.

**Testing and Start-Up** outlays are only 45% of the YTD budget plan for the first quarter of 2007, slowed due to construction of the Operations and Maintenance Facility not completing until late 2006. Expenditures for startup are in accordance with the Intergovernmental Agreement between Sound Transit and King County Metro (KCM) to operate the Central Link Operations and Maintenance Facility, and are distributed between the Initial Segment and Airport Link projects. Life-to-date outlays include prior year expenditures for Tacoma Link testing and startup.



## Agency Summary by Department

**Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts**  
**For the Three Months Ending March 31, 2007**  
**Budget to Actuals**

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Executive	236,930	236,930	375,788	138,857	63%
Policy Planning & Public Affairs	1,152,756	1,152,756	1,256,556	103,800	92%
Legal	572,005	572,005	694,848	122,843	82%
Finance & Information Technology	2,399,057	2,399,057	3,082,332	683,275	78%
Link Light Rail	2,782,789	2,782,789	3,127,498	344,709	89%
Capital Projects	870,980	870,980	1,033,706	162,726	84%
Corporate Services	1,677,303	1,677,303	1,891,491	214,188	89%
Transportation Services	1,015,495	1,015,495	1,468,018	452,523	69%
Non-Departmental	985,039	985,039	1,143,375	158,336	86%
<b>TOTAL</b>	<b>\$ 11,692,355</b>	<b>\$ 11,692,355</b>	<b>\$ 14,073,612</b>	<b>\$ 2,381,257</b>	<b>83%</b>

## Staff & Other Expenses

**For the Three Months Ending March 31, 2007**  
**Budget to Actuals**

	Q1 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	8,416,255	8,416,255	9,328,746	912,491	90%
Services	1,556,287	1,556,287	2,418,877	862,590	64%
Materials & Supplies	210,380	210,380	406,637	196,257	52%
Miscellaneous Expenses	232,784	232,784	359,951	127,167	65%
Leases & Rentals	463,407	463,407	500,165	36,758	93%
Other Expenses	304,763	304,763	400,085	95,322	76%
Depreciation	508,479	508,479	659,151	150,672	77%
<b>Gross Staff Operating Expenses</b>	<b>\$ 11,692,355</b>	<b>\$ 11,692,355</b>	<b>\$ 14,073,612</b>	<b>\$ 2,381,257</b>	<b>83%</b>
Expense Transfers	(7,241,108)	(7,241,108)	(8,948,704)	(1,707,596)	81%
<b>Net Staff Operating Expenses</b>	<b>\$ 4,451,247</b>	<b>\$ 4,451,247</b>	<b>\$ 5,124,908</b>	<b>\$ 673,661</b>	<b>87%</b>
<b>Other Expenses</b>					
Transit Vision	1,574,143	1,574,143	7,023,822	5,449,678	22%
Transit-Oriented Development	5,463	5,463	101,772	96,309	5%
STart	8,110	8,110	103,071	94,961	8%
Community Development Fund	30,708	30,708	422,882	392,174	7%
Debt Service Costs	64,779	64,779	485,112	420,333	13%
Non-Capitalizable LOB expenses	515,503	515,503	1,990,899	1,475,396	26%
<b>Total Other Expenses</b>	<b>\$ 2,198,707</b>	<b>\$ 2,198,707</b>	<b>\$ 10,127,558</b>	<b>\$ 7,928,851</b>	<b>22%</b>
<b>Grand Total Operating Expenses</b>	<b>\$ 6,649,954</b>	<b>\$ 6,649,954</b>	<b>\$ 15,252,466</b>	<b>\$ 8,602,512</b>	<b>44%</b>

## **Staff Operating Notes**

**Salaries and Benefits** were below budget by \$913K, or 10%, at the end of the first quarter. This is due to lower than budgeted headcount, which directly affects these expenditure levels. There were 352 filled corporate department positions on March 31 compared to 377 budgeted corporate department positions.

**Services** were below budget by \$863K, or 36%, at the end of the first quarter. Many of the larger services expenses will occur later in the year than we originally anticipated.

**Materials and Supplies** were below budget by \$196K, or 48%, at the end of first quarter. The largest variances were for less than anticipated materials and supply spending in the communications and information technology divisions.

**Miscellaneous Expenses** were below budget by \$127K, or 35%, at the end of first quarter. Contingency is part of this account category which has remained unspent to date.

**Leases & Rentals** were below budget by \$37K, or 7%, at the end of first quarter. This category includes administrative facilities rent, parking garage lease and meeting space rentals.

**Other Expenses** were below budget by \$95K, or 24%, at the end of first quarter. This category includes insurance, utilities, taxes and interest.

**Depreciation** was below budget by \$151K, or 23%, at the end of first quarter. Included in the category is depreciation on assets such as fleet vehicles, Union Station building, Furniture and Fixtures, Computer Equipment, Office Equipment, Software and Capital Leases.

**Expense Transfers** were below budget by \$1.7M, or 19%, at end of first quarter. This category represents the allocated overhead dollars that are transferred to capital and operating projects. This category was under budget due to \$2.4M in overall lower spending in the staff operating departments compared with the budget.

## **Other Non-Operating Costs Notes**

**Transit Vision** was below budget by \$5.4M, or 78%, at the end of first quarter. This category includes operational spending for Fare Integration, Research & Technology, Phase 2 Planning, and East Corridor Planning. There has been little spending on these projects so far this year, this is anticipated to pick up later in the year especially as we begin activities related to the vote on ST2 in the fall.

**Transit-Oriented Development** was below budget by \$96K, or 95%, at the end of the first quarter. These funds are for transit-related studies and are only spent as needed.

**Community Development Fund** was below budget by \$392K, or 93%, at the end of the first quarter, due to fewer than anticipated mitigation payments.

**Debt Service Costs** were below budget by \$420K, or 87%, at the end of first quarter reflecting a variance to our projected allocations to capital projects.

**Non-Capitalizable LOB Expenses** was below budget by \$1.5M, or 74%, there were fewer than anticipated Non-Capitalizable costs in the first quarter, we expect there to be more as the year goes on.

## Subarea First Quarter 2007 Summaries

### Subarea -1st Quarter Summaries

#### Subarea Revenue Summary Millions YOES

2007 Tax Revenues	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Mar YTD Budget	10.0	19.7	14.1	20.7	14.7	0.0	79.3
Mar YTD Actual	10.1	19.9	14.6	19.7	14.4	0.0	78.7
\$ Variance	0.0	0.2	0.5	-1.0	-0.3	0.0	-0.6
% Variance	0.1%	1.1%	3.8%	-5.0%	-2.3%	-	-0.8%
2007 Farebox Revenues							
Mar YTD Budget	0.6	0.0	0.7	1.6	1.2	0.0	4.1
Mar YTD Actual	0.6	0.0	0.9	1.6	1.0	0.0	4.1
\$ Variance	0.0	0.0	0.2	0.0	-0.2	0.0	0.0
% Variance	1.0%	-	32.5%	0.0%	-15.5%	-	0.5%
2007 Grant Revenues							
Mar YTD Budget	0.1	11.8	9.8	0.8	1.6	0.0	24.1
Mar YTD Actual	0.0	2.2	1.2	0.0	0.2	0.0	3.6
\$ Variance	-0.1	-9.6	-8.6	-0.8	-1.4	0.0	-20.5
% Variance	-92.9%	-81.7%	-88.2%	-100.0%	-84.7%	-	-85.2%
2007 Other Revenues							
Mar YTD Budget	0.0	0.1	0.0	0.0	0.1	3.0	3.2
Mar YTD Actual	0.2	0.3	0.7	0.0	0.7	6.5	8.5
\$ Variance	0.2	0.2	0.7	0.0	0.6	3.6	5.3
% Variance	358.2%	313.1%	15821.1%	197.5%	945.5%	120.6%	168.2%

#### Subarea Operating Expense & Capital Outlay Summary Millions YOES

2007 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Mar YTD Budget	5.4	0.0	8.2	10.7	11.2	0.4	35.9
Mar YTD Actual	4.4	0.0	7.0	9.7	9.3	-	30.4
Percent Spent	81.7%	360.3%	85.4%	90.3%	83.2%	0.0%	84.6%
2007 Other Operating Expenses							
Mar YTD Budget	0.0	0.3	(0.1)	0.8	(0.1)	33.7	34.6
Mar YTD Actual	0.0	0.0	0.0	-	(0.1)	6.7	6.6
Percent Spent	NA	NA	NA	NA	NA	NA	NA
2007 Capital Outlays							
Mar YTD Budget	6.5	71.7	56.2	21.9	14.8	1.0	172.2
Mar YTD Actual	4.1	59.8	62.5	12.8	5.9	1.4	146.6
Percent Spent	63.5%	83.5%	111.2%	58.6%	39.9%	138.1%	85.2%
2007 Lifetime Capital Outlays							
LTD Budget	581.2	3,174.5	1,324.1	614.6	646.2	23.5	6,364.1
LTD Actual	397.7	1,173.1	827.7	321.8	424.8	41.0	3,186.1
Outstanding Contracts	32.1	361.8	208.9	42.5	25.8	5.1	676.3
Percent Spent or Committed	74.0%	48.4%	78.3%	59.3%	69.7%	196.2%	60.7%

#### Subarea Net Asset Summary Millions YOES

2007 Net Asset Summary	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	230.4	970.3	564.5	176.8	271.3	24.5	2,237.7
Restricted	5.8	19.7	43.0	-	29.3	27.9	125.7
Unrestricted	23.0	(46.5)	(26.8)	242.1	90.4	59.6	341.8
<b>Total Net Assets</b>	<b>259.1</b>	<b>943.5</b>	<b>580.6</b>	<b>418.9</b>	<b>391.0</b>	<b>112.1</b>	<b>2,705.1</b>